


APPENDIX D

FY2007 APPLICATION INSTRUCTIONS AND FORMAT FOR CDBG HOUSING AND NEIGHBORHOOD RENEWAL PROJECTS

A. GENERAL INSTRUCTIONS

1. **Contact the staff of the Montana CDBG Program** with any questions you might have as you are preparing an FY2007 application or as you are thinking about preparing an application. **(406) 841-2791**. Montana CDBG website: http://comdev.mt.gov/CDD_CDBG.asp

To simplify the preparation of CDBG applications, the CDBG application materials are available on computer disk. The CDBG application materials are formatted in Microsoft Word.

 **Five copies** of the CDBG application and attachments, plus **one copy on computer diskette**, are to be delivered or postmarked on or before **December 8, 2006**.

Copies of applications for CDBG funding and all attachments must be submitted to:

Community Development Block Grant Program

Community Development Division

Montana Department of Commerce

301 South Park Ave / P.O. Box 200523

Helena, MT 59620-0523

Phone: (406) 841-2791. TDD: (406) 841-2702. Fax: (406) 841-2771

2. CDBG Housing grant applicants must complete and submit **both** of the following:
 - a. ***All the required information asked for in Montana's uniform housing application form*** – complete the ***Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs*** (2006 Edition), described in #3 below; and
 - b. ***All the required CDBG-specific application information*** -- as listed in the ***CDBG Application Guidelines for Housing Projects for the November, 2006 Competition***.
3. The ***Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs*** (2006 Edition): In order to make the process of applying to housing financing programs simpler and more efficient for communities, the Montana Department of Commerce (MDOC) and the U.S. Department of Agriculture (USDA) Rural Development (RD) Services worked together to develop a *uniform housing application form* with common basic requirements. This common application form can be obtained from the Montana CDBG Program (841-2791) and can also be found on the Montana Department of Commerce (MDOC) website:
http://housing.mt.gov/Hous_Apps.asp.

The uniform housing application form can be used -- along with supplementary material required by each program -- ***to apply to any of the Montana housing programs listed on the next page***. Brief descriptions of and contact persons for each of the MDOC or USDA housing funding programs can be found in the ***Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs*** (2006 Edition).

- **MDOC housing programs:**
 - CDBG Housing and Neighborhood Renewal Grants Program
 - The Home Investment Partnerships (HOME) Program
 - The programs of the Montana Board of Housing (MBOH):
 - Low Income Housing Tax Credit Program
 - Multifamily Risk Sharing Program
 - Multifamily General Obligation (G. O.) Program
 - Single Family Set-A-Side Program
- **USDA Rural Development Services housing programs:**
 - Housing Preservation Grants
 - Rural Rental Housing 515 Program
 - Farm Labor Housing 514 and 516 Program
 - Section 538 Guaranteed Rural Rental Housing Program
 - Community Facilities Loan and Grant Programs.

4. Applications to CDBG must include **both**:

- a. **a narrative** responding to each of the 5 CDBG RANKING CRITERIA (and each of the ranking REQUIREMENTS and APPLICATION RANKING ISSUES listed for each ranking criterion) as given in Chapter V of these application guidelines; **and**
- b. **all relevant documentation and evidence that supports the assertions made in the application's narrative.**



DIRECTIONS FOR APPLICANTS:

- The MDOC CDBG staff will consider each of the REQUIREMENTS and APPLICATION RANKING ISSUES for each CDBG Ranking Criterion in scoring applications. (These are listed in Chapter V for each ranking criterion).
- Applicants should make sure that their narrative response to each ranking criterion thoroughly addresses each of the questions that are applicable to their proposed CDBG project and presents all relevant evidence and documentation need to explain and support your application narrative's assertions.
- The applicant can either respond "point by point" to the application ranking issues, or to reduce duplication, can provide a consolidated, overall response to the ranking criterion or may reference other sections of the application where the issue has already been addressed.
- In your narrative, provide a reference to other materials that you are including as exhibits that serve as supporting documentation and evidence for your assertions.
- When you include an exhibit that documents your assertions, you should include in your narrative a statement that describes the relationship of what is being referenced to the ranking issue or special requirement. For example -- as a response to a ranking criterion question or special requirement or as a response to an application ranking issue -- you could state:

"Please see Exhibit # 1-A in this section of the application and see pages 20-22 of the completed Uniform Housing Application form which provides a discussion of alternatives."

- In addition, for ease of reference, applicants should provide any appropriate documentation or pertinent exhibits *immediately following* their responses to the APPLICATION RANKING

ISSUES, rather than appending them to the end of the overall application. (See #9 below.)

5. Applicants **must follow the format and sequence prescribed by the guidelines given in Section B (APPLICATION FORMAT)** of this appendix.
6. Applications need to: ~ provide a narrative response to each of the five CDBG Housing Grant ranking criteria, ~ address all requirements, and ~ provide adequate documentation and evidence. Applications should be as concise as possible while nevertheless being complete.
7. Applications should be submitted on standard 8-1/2 x 11-inch paper, with maps and large sheets folded to an 8-1/2 x 11-inch size.
8. Pages should be numbered consecutively.
9. **EXHIBITS** (i.e., attachments containing information and evidence directly related to a specific ranking criterion and its requirements and ranking issues) and **APPENDICES** (i.e., attachments containing general supporting evidence and documents not directly related to a specific ranking criterion) **that are provided by CDBG applicants should directly relate to the application narrative or requirements or application ranking issues.**

Exhibits and supporting documents should follow the following order and documentation requirements:

- a. **All exhibits directly related to a specific ranking criterion should be placed in the application immediately after the narrative response to that ranking criterion** – rather than in a separate appendix at the end of the application.

For example, after the narrative response for "Ranking Criterion 1, Community Planning and Citizen Participation," exhibits immediately following would include newspaper clippings, notices of public hearings, minutes of public hearings describing what comments were made by the public and how the applicant responded to public comments, attendance lists, planning meeting summaries, needs assessment survey documents (results and analysis of the results) and other documents giving further evidence of the way the applicant has addressed the specific issues and requirements of the ranking criterion.

- b. **Other general supporting documents -- those not directly related to a specific ranking criterion or requirement,-- may be placed in an appendix at the end of the application.** "General supporting documents" include items such as maps, Resolutions to Authorize Applications, or Certifications for Application. (See Section E of this appendix.)
- c. **Supporting documentation** (i.e., exhibits and appendices) **should be listed in the application's Table of Contents.**
- d. **Identify the source of supporting data** that is included in an exhibit or appendix.
- e. **If local research was conducted to support the application** -- such as a needs assessment survey or an income survey -- the survey methodology must be described and a copy of the survey form with a composite summary of all responses submitted with the application as an exhibit or appendix.
- f. **All original documentation must be retained by the applicant and made available for review in the event that the application is tentatively selected for funding.** The lack of adequate documentation to substantiate representations made in the application will be

- considered sufficient grounds for the Department to re-rank an application, and, if necessary, to withdraw a tentative grant award.
10. Applications should be bound along the left-hand margin. Tabs on the right side of the applications should be used to mark sections.
 11. Applicants are advised to review the guidance in “Suggestions for Writing Successful CDBG Applications” (**Appendix E**).

B. APPLICATION FORMAT

The CDBG application should be organized using the following outline and sequence:

- 1) *Table of Contents.*
- 2) *Checklists of General Requirements and Special Requirements.* (Complete and include *Appendix F* and *Appendix G* of these guidelines.)
- 3) *Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs (2006 Edition)*. (See section C of this appendix.)
- 4) *Narrative responses to all applicable requirements and to all application ranking issues for each of the five CDBG Ranking Criteria* (as described in Chapter V).
AND
Exhibits related to each Ranking Criterion and its Application Ranking Issues. (Any documentation or exhibits directly related to your responses to a given ranking criterion should be placed in the application immediately following your narrative responses to that criterion.)
- 5) *Appendices.* (See section E of this appendix.)

C. COMPLETION OF THE UNIFORM HOUSING APPLICATION (2006 Edition)

Each application must include a completed copy of the *Uniform Application for Montana Housing Loan, Grant & Tax Credit Programs (2006 Edition)* as part of their CDBG application.

Detailed instructions for completing the Uniform Housing Application can be found in that document. If you have questions about any of the information requested in the *Uniform Housing Application*, please contact the CDBG staff.

In addition to the instructions given in the *Uniform Housing Application*, CDBG offers the following guidance:

1. **Complete Section A** (Applicant Information), **Section B** (Project Information), **Section C** (Financial Information) and **Section D** (Environmental Information) of the *Uniform Housing Application Form*. **Be sure to provide all the specific information, details and explanations that are requested in Sections A, B, C and D.**
2. **In Section C** of the Uniform Housing Application:
 - (a) Complete the information requested in **C-Part I** (Sources of Funds Statement), **C-Part II** (Uses of Funds) -- make sure that you address the requirements highlighted

in item 3 below; and

- (b) Complete the following, *as applicable*:
- ☐ C - Part III (Utility Allowance Information)
 - ☐ C - Part IV (Rent and Forecasted Income, Year 1)
 - ☐ C - Part V (Annual Operating Expenses) and
 - ☐ C - Part VI (15-Year Operating Pro-Forma).

3. A **Budget**, a **Budget Narrative** and a **Budget Line Item Justification** are required.

Applications must demonstrate, provide evidence for, financial need. Applicants for CDBG grant assistance must provide proof and detailed evidence that demonstrates that:

- a) the proposed Housing project cannot reasonably be accomplished without a CDBG grant,
- b) all appropriate sources of funds besides CDBG have been seriously explored; and
- c) other private or public (local, state, or federal) resources are insufficient or unavailable to finance the proposed project at a reasonably affordable cost.

Therefore, a **Budget**, a **Budget Narrative** and a **Line Item Justification** are required.

It is important to **pay particular attention to the requirements of Section C** (Financial Information) of the **Uniform Housing Application Form** -- because the information that applicants provide in Section C will be used by CDBG to evaluate the financial need of the applicant and will also be used in the financial analysis that CDBG will use in making a recommendation for the amount of funds, if any, to be awarded to each applicant.

As stated in Ranking Criterion 5 (Implementation and Management):

“Each applicant must submit a **project budget**, which is accompanied by a **narrative explanation of the rationale and assumptions for each line item** of the proposed CDBG project activity and related administrative costs. This must include a breakdown identifying the sources and amounts of non-CDBG funds and total project cost estimates for each item.” **The budget narrative must explain, describe and justify each line item** in the project’s proposed budget (C-Part I) and **must support budget and financial assumptions that are made in Section C** of the Uniform Application.”

As stated in Ranking Criterion 2 (Need):

- “The evaluation of the applicant’s “need for financial assistance” will consider whether:
- the applicant’s **presentation of the proposed project budget, funding strategy, and documentation of local financial limitations clearly support the applicant's need for the amount of CDBG financial assistance requested;**
 - the applicant has **demonstrated** that the level of financial participation in the proposed project by local government and private or non-profit **entities is the maximum that can reasonably be expected;**
 - the applicant's need for CDBG assistance is comparatively greater than other applicants' needs; and

- the amount of CDBG assistance requested per benefiting household is reasonable and appropriate.”

D. BUDGETARY CONSIDERATIONS AND LIMITS RELEVANT TO CDBG HOUSING PROJECTS

1. **Remember that the CDBG Housing Program is a competitive grant program and only the highest-ranking applications can be funded with the limited funds available.**
2. The amount of CDBG assistance ultimately recommended by staff to the MDOC Director may differ from that originally requested by the applicant based on the review of the application and competing proposals.
3. CDBG staff will not recommend funding for projects that it determines to be financially or technically infeasible or not cost-effective. **Therefore, explain and justify each line item in your proposed budget.**
4. The proposed funding package must be sufficient to complete the proposed activities within a reasonable time period. Most projects should be able to be completed within two years of the date of announcement of grant award.
5. **Limits on administrative costs and expenses:** Up to ten percent (10%) of a CDBG Housing and Neighborhood Renewal grant award may be used for administrative costs and expenses. Exception: Up to fifteen percent (15%) is allowed for Housing Rehabilitation projects.

NOTE: All proposed administrative costs must be described, explained and justified. CDBG’s 10% or 15% limit on allowable administrative funds is not an authorization to take 10% or 15% as an administrative costs entitlement.

6. Some administrative expenses are essentially fixed and are not proportionate to the total cost of a project. Communities considering relatively small requests (under \$100,000) may find that the 10% allowed for administrative costs may not provide a sufficient budget to cover all administrative costs of a proposed project.

A community considering a relatively small grant request should consider whether the proposed project would result in questionably high administrative costs relative to the actual project cost. In these circumstances, applicants are encouraged to contact the CDBG staff to discuss their proposed project prior to submittal of the application to determine the appropriate administrative cost and percentage.

7. **Under no circumstances are costs that have been incurred prior to the effective date of a CDBG contract -- such as fees for preparing an application, community surveys or needs assessments, engineering, or the costs associated with construction activities -- eligible for reimbursement.**

However, reasonable expenses associated with attending required CDBG project administration training will be eligible for reimbursement, even if incurred prior to the effective date of a contract.

8. See Chapter VII (Project Start-up and Management) of the Housing Application Guidelines for additional information relevant to a grant recipient's financial responsibilities.

E. APPENDICES TO BE INCLUDED AT THE END OF THE APPLICATION

The following should be included as **Appendices** at the end of the application:

1. **Appendix N: Applications for Assistance to Projects That Involve Non-profit or For-profit Entities as Partners** (if applicable).

See *Appendix N* of the *Housing Application Guidelines*, which lists and describes essential information (in sections C and D of Appendix N) that is required in applications for projects that involve nonprofit or for-profit entities as partners in the proposed project.

2. **Resolution to Authorize Application and Firm Commitment of Funds.**

See *Appendix O* for a copy of a sample Resolution to Authorize Application and Firm Commitment of Funds and instructions. Note: **CDBG Housing grants – unlike CDBG Public Facilities grants – do not require local matching funds.**

3. **Maps.**

See *Appendix P* for a discussion of the Map requirements. Applicants must include a legible map showing the boundaries of the proposed project area and the locations of all proposed project activities, such as land to be acquired or facilities to be constructed or improved.

4. **Certifications for Application.**

The major federal requirements that apply to CDBG projects are set out in the *CDBG Certifications for Application* found in *Appendix Q* (requiring the signature of the chief elected official or executive officer of the applicant on page Q-13).

5. **Program Income Requirement** (if applicable).

See *Appendix R*.

6. **Other Supporting Documentation Not Directly Related to CDBG Ranking Criteria 1-5.**

See section A of this appendix -- items 9(b) through 9(f) -- for further explanation.